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Macroeconomic policy questions: international financial system and development

Draft resolution submitted by the Vice-Chair of the Committee, Mr. Denis Zdorov (Belarus), on the basis of informal consultations on draft resolution A/C.2/66/L.5

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009 and 65/143 of 20 December 2010,

Recalling also the United Nations Millennium Declaration¹ and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,² the Rio Declaration on Environment and Development,³ Agenda 21,⁴ the Programme for the Further Implementation of Agenda 21⁵ and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),⁶

¹ See resolution 55/2.

² *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

³ *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

⁴ *Ibid.*, annex II.

⁵ Resolution S-19/2, annex.

⁶ *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.



Recalling further the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,⁷

Recalling the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,⁸

Recalling also the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,⁹

Recognizing the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,¹⁰

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, cognizant that the global economy is entering a challenging new phase with significant downside risks, including the turbulence in global financial and commodity markets and widespread fiscal strains, which threaten the global economic recovery, and stressing the need to continue to address systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

Noting that while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

Reaffirming the purposes of the United Nations, as set forth in its Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Reiterating that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

Recalling the Fourth United Nations Conference on the Least Developed Countries and the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020,¹¹ and recognizing, in this context, that the international financial system should be supportive, as appropriate, of the special needs and priorities of the least developed countries,

⁷ Resolution 63/239, annex.

⁸ Resolution 63/303, annex.

⁹ See resolution 65/1.

¹⁰ A/64/884.

¹¹ *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (United Nations publication, Sales No. 11.II.A.1), chap. II.

Stressing the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

1. *Takes note of the report of the Secretary-General;*¹²
2. *Recognizes the need to continue to enhance the coherence and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained, inclusive and equitable economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;*
3. *Stresses the need to act decisively to tackle the challenges confronting the global economy in order to ensure balanced, sustainable, inclusive and equitable growth¹³ with full and productive employment and quality jobs;*
4. *Notes, in this regard, the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, including the efforts to reinforce the banking sector by increasing its transparency and accountability;*
5. *Also notes that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum for discussing international economic issues and their impact on development, and reaffirms that the United Nations is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates which make the coordination of their actions crucial;*
6. *Recalls, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide, on the basis of a clear understanding of and respect for their mandates and governance structures;*
7. *Also recalls that countries must have the flexibility necessary to implement countercyclical measures and to pursue tailored and targeted responses to the crisis, and calls for conditionalities to be streamlined to ensure that they are timely, tailored and targeted and that they support developing countries in the face of financial, economic and development challenges;*
8. *Further recalls, in this regard, the improvement of the lending framework of the International Monetary Fund through, inter alia, streamlined conditions and the creation of more flexible instruments, such as a precautionary and liquidity line, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;*
9. *Recognizes the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive short-term capital inflows to many developing countries, encourages further review of the benefits and*

¹² A/66/167.

disadvantages of macroprudential measures available to mitigate the impact of volatile capital flows, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

10. *Notes* that countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help to mitigate the adverse impacts of the crisis and to stabilize macroeconomic developments;

11. *Reaffirms* the importance of broadening and strengthening the participation of developing countries in international economic decision-making and norm-setting, and in this regard takes note of recent important decisions on reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, better reflecting current realities and enhancing the voice and participation of developing countries, and reiterates the importance of the reform of the governance of those institutions in order to deliver more effective, credible, accountable and legitimate institutions;

12. *Notes*, in this regard, the decisions taken by the World Bank Group on voice and participation and further institutional reforms to meet new challenges, and the addition of the twenty-fifth Chair to the Boards of Executive Directors of the World Bank Group, and looks forward to progress in its institutional reforms, calls for the swift implementation of the 2010 quota and governance reform of the International Monetary Fund, and reiterates the importance of an open, transparent and merit-based process for selecting the heads of the International Monetary Fund and other international financial institutions;

13. *Recognizes* the role of special drawing rights as an international reserve asset, and acknowledges that recent special drawing rights allocations helped to supplement international reserves in response to the world financial and economic crisis, thus contributing to the stability of the international financial system and global economic resilience;

14. *Reiterates* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of economic policies of countries;

15. *Invites* the international financial and banking institutions to continue enhancing the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

16. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral and regional development banks and, in addition,